

SUEZ Water Delaware
Minimum Filing Requirements of the
Delaware Public Service Commission

GENERAL INFORMATION

Delaware Public Service Commission
Company: SUEZ Water Delaware
Docket No. _____

Witness Responsible:
Larry Finnicum

MFR

2.0 GENERAL INFORMATION

2.1 Description of Company - If Presently Not on File with Commission

2.1.1 Provide a corporate history including dates of incorporation, subsequent acquisitions and/or mergers

Response:

SUEZ Water Delaware was originally incorporated as the Wilmington Suburban Water Corporation in 1933. During subsequent years, the Company acquired several small additional unincorporated water systems and in 1941 purchased the Delaware Water Supply Company. General Waterworks Corporation acquired the controlling interest in the Company in 1948 and changed its corporate name to Wilmington Suburban Water Corporation.

SUEZ Water Delaware in its present form is the survivor of a merger approved by order of the Delaware Public Service Commission on February 8, 1972 wherein Delaware Water Corporation, Delwatco, Inc., New Castle County Water Company and the Arden Water Company were merged into Wilmington Suburban Water Corporation. Also, by assignment dated February 10, 1972 General Waterworks transferred to Wilmington Suburban all of the assets and liabilities of its Delaware division. The facilities of the merged companies were physically interconnected and are now in fact a single operating entity.

In April of 1994, GWC Corp., the parent of General Waterworks Corporation merged into United Water Resources and became the nation's second largest investor owned water services company. At the same time, we gained a strategic alliance with Suez Lyonnaise Des Eaux which became a principal shareholder.

On July 27, 2000 United Water Resources became a wholly owned subsidiary of Suez Lyonnaise Des Eaux, an international leader in water and wastewater services.

In March 2001, our parent company changed its name to Suez. United Water is a key player in the Suez Environment subsidiary which serves 145 million people around the world.

In July 2008, Suez merged with Gaz de France, creating a new company called GDF Suez. As a part of that transaction, Suez Environment, which had been wholly owned by Suez, became a partial subsidiary of GDF Suez, with about 47% of its shares traded publicly and the remainder held under a Shareholder's Agreement between GDF Suez and the former major shareholders of Suez. United Water remains a subsidiary of Suez Environment. The transaction was deemed approved by the Public Service Commission at Docket No. 06-357.

In November 2015 all of the SUEZ companies changed their name to be under one brand. Effective November 9, 2015, United Water Delaware Inc. became SUEZ Water Delaware Inc.

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- 2.1 Description of Company - If Presently Not on File with Commission
- 2.1.2 Describe completely all relationships between applicant utility and its parent, subsidiaries and affiliates. Furnish a chart or charts which depict(s) the inter-company relationships.

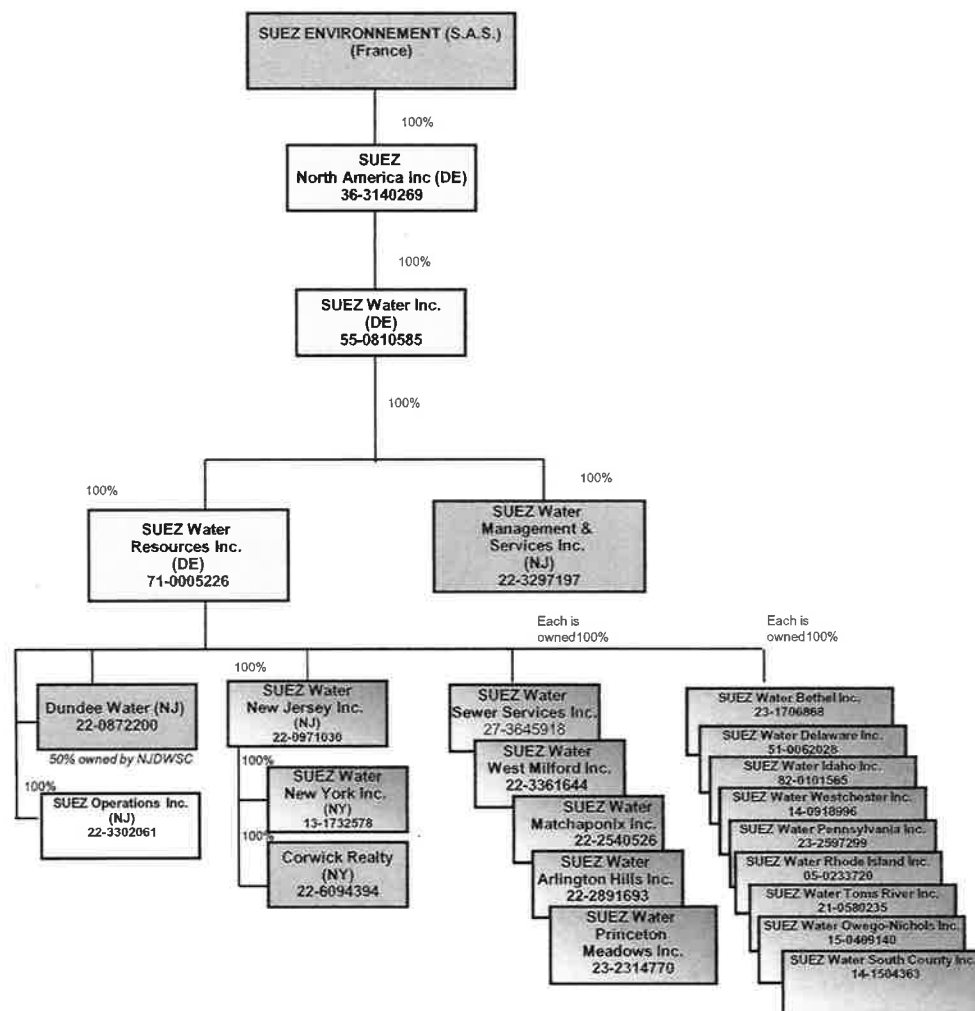
Response:

SUEZ Water Delaware is a wholly owned subsidiary of SUEZ Resources (SWR), the former General Waterworks Corporation, which became a wholly owned subsidiary of United Water Resources (UWR) with the 1994 merger. UWR (now SWR) became a wholly owned subsidiary of Suez, a publicly traded company, after the 2000 merger. See the attached corporate organization chart. Under an Agreement filed with and approved by the Delaware Public Service Commission, SUEZ Water Delaware receives and is charged for services rendered by SUEZ Water Management and Services, Inc., which is a subsidiary of SWR, and which has the same Agreement with all regulated subsidiaries of SWR. The Agreement is provided in the response to Section 5.3.14

Legend

Foreign
Regulated
Other
Holding
Contracts

SUEZ NORTH AMERICA REGULATED



Effective Date: November 9, 2015

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2.1 Description of Company - If Presently Not on File with Commission

2.1.3 Provide a system map indicating all cities and counties and other government subdivisions to which service is provided.

Response:

System maps are on file with the Delaware Public Service Commission.

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Loy

MFR

2.0 GENERAL INFORMATION

2.1 Description of Company - If Presently Not on File with Commission

2.1.4 Provide a statement of reasons for the proposed increase including an explanation of the major factors which gave rise to the decision to seek a rate adjustment. Also include an estimate of dollars associated with each such major factor as "Wage Increase \$50,000" or "Increase in Chemical Expense \$100,000". A detailed reconciliation of each and every item is not required, just the principal items and an estimate fo the dollar impact, to the extent possible.

Response:

Please see attached MFR 2.1.4.1

SUEZ Water Delaware

SUMMARY OF THE GENERAL INCREASE IN RATES FILING

Delaware Public Service Commission
 Company: SUEZ Water Delaware
 Docket No. _____

Witness Responsible:
 Loy

Filing Date: February 5, 2016

Test Year: September 30, 2015

Test Period: June 30, 2016

Increase Requested: \$ 4,943,665

Percent Increase: 19.96%

Rate of Return: 7.89% on Rate Base
 10.25% Return on Equity

Cost of Capital Summary:

Type of Capital	Capital Structure Ratio	Cost Rate	Weighted Cost of Capital
Debt	46.66%	5.19%	2.42%
Equity	53.34%	10.25%	5.47%
Total Capital	100.00%		7.89%

Elements of Increase:

Revenues loss of customer	\$ 1,101,754	22.29%
Revenues normalization (1)	(822,447)	-16.64%
Labor and Benefits	592,884	11.99%
Other O&M	963,466	19.49%
Taxes and return	575,499	11.64%
Rate base and depreciation	2,532,509	51.23%
Requested Increase	<u>\$ 4,943,665</u>	100.00%

Note:1) Includes roll in of DSIC into base rates.

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2.1 Description of Company - If Presently Not on File with Commission

2.1.5 Provide a statement identifying any significant element of the application which to the applicant's knowledge represents a departure from prior decisions of the Commission and the associated revenue requirement. This would include proposed accounting changes or accounting changes that have occurred since the last rate Order.

Response:

The Company does not believe any of its proposals are a departure from prior Commission decisions, although treatment naturally varies from the past case based on analysis and results of various studies such as the cost of service study.

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2.0 GENERAL INFORMATION

2.2 Plant Capacity and Service

- 2.2.4 Water - System maps, explanation of operation: Expansion/modification in next 5 years, description of present and projected water supply.

Response:

System maps are on file with the Delaware Public Service Commission.

SUEZ Water Delaware (SWDE) provides water service to a population of approximately 110,000 people within Northern New Castle County, Delaware. The Company provides potable water in three noncontiguous, but interconnected service areas; the North Service area which includes the City of Newport, the South Service area, and the River Road Service area (boundary areas are identified on system maps on file with the Delaware Public Service Commission). These areas cover approximately 55 square miles.

SUEZ Water Delaware has a minimal growth rate of less than 0.5% per year. The North Service area consists primarily of residential and commercial customers and is considered to be fully built out. The River Road Service area consists primarily of industrial and residential customers. Since it is an area with heavy industrial zoning available, there is opportunity for some industrial growth however, with the downturn in the economy, SUEZ Water Delaware has actually lost nine industrial customers since September 30, 2008. The South Service area consists primarily of residential and commercial customers.

As of December 31, 2015, SWDE was providing domestic water service and fire protection to 34,239 residential customers, 2,654 commercial customers, 61 industrial customers, 54 public authority customers, 827 private fire protection customers, and 1 customer who resells water. The company has a broad service area within New Castle County, Delaware, which includes developments in Brandywine, White Clay Creek, Pencader, Wilmington, New Castle, Millcreek, Newark, St. Georges and Red Lion Hundreds.

Source of supply is from two surface water treatment plants. The primary treatment facility is the Stanton Water Treatment Plant located in the First State Industrial Park in Stanton, Delaware. This plant draws its water from the White Clay Creek and has a rated capacity of 30 MGD. The Stanton Plant has three raw water intakes. One raw water intake is located solely on the White Clay Creek and two raw water intakes are located immediately downstream of the confluence of the Red and White Clay Creeks. Pumping conditions on the White Clay Creek are enhanced at the Stanton Water Treatment Plant intakes by the use of an inflatable dam, the Tidal Capture Structure, (TCS) which is located approximately 1/2 mile downstream. This structure is also used to provide a barrier against intruding chlorides during times of drought. SUEZ Water Delaware also has a smaller treatment facility, the Christiana Water Treatment Plant, which is located at Smalley's Dam on the Christina River. This plant is used for peaking capacity and for limited back up to the Stanton Water Treatment Plant. The rated treatment capacity of this plant is 6 MGD.

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Response (Cont.):

Both treatment plants and all distribution systems are remotely controlled via SCADA control which is centralized at the Stanton Plant.

The Company also has various interconnections with area water suppliers. The interconnection with the Chester Water Authority has a maximum capacity of 0.5 MGD. There is also one interconnection with SUEZ Water Bethel which averaged 0.640 MGD in 2015, seven interconnections with the City of Wilmington with a potential combined capacity of 7.7 MGD, and five interconnections with Artesian Water Company which can be used for emergency purposes. During the period ending December 31, 2015, the maximum day demand on the system was **20.89** million gallons on February 22, 2015, while the average day demand was **16.71** million gallons.

For purposes of managing chlorides in the White Clay Creek during drought conditions, UWDE has a raw water contract with the City of Wilmington for releases of fresh water from Hoopes reservoir. Water releases are metered before entry to the Red Clay Creek, which transports it to the Stanton Water Treatment Plant intake. SWDE reserves releases by March of each year and can reserve between 50 MG and 200 MG.

As of December 2015 SUEZ Water Delaware's distribution system consisted of approximately 536 miles of water mains varying in size from one (1) inch to thirty (30) inches in diameter, approximately 6,830 valves, 2,195 fire hydrants, and 37,458 services. The distribution system also has 29.9 million gallons of storage that is contained in 18 facilities. The breakdown of the different types of storage is as follows: 10 elevated tanks with a combined capacity of 4.7 million gallons; 3 standpipes with a combined capacity of 0.7 million gallons; 4 ground level reservoirs with a combined capacity of 4.5 million gallons, and 1 covered in-ground reservoir with a capacity of 20.0 million gallons. In addition the St. Georges Aquifer Storage & Recovery facility (ASR) allows 75 MG of water taken from SUEZ Water's distribution system to be stored in an underground aquifer. This water is then recovered back to the distribution system during periods of low raw water supply. Additionally SUEZ Water has 13 booster stations strategically located throughout the system to maintain adequate pressures and serve the various storage facilities.

Capital investments for the medium-term are focused primarily on treatment plant upgrades to meet changes in safe drinking water regulations, and transmission and distribution system main replacements, to improve SUEZ Water Delaware's level of service to its customers.

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2.0 GENERAL INFORMATION

2.3 Amount and Percent of Increases

2.3.1 A schedule showing the dollar amount of the increase by category of service, customer class, or type of service rendered as appropriate and also showing the percent increase over present revenues in the same categories.

Response:

The increase in overall rates by customer class is shown in the attached schedule. The effective net increase to revenues is less than that indicated by the change in base rates because the existing surcharge is reset to zero. Consequently, the net change in total rates reflects the amount of increase requested in this filing.

Amount and Percent of Increase over Present Rate by Type of Service

	Total	Residential	Commercial	Industrial	Public Authority	Sales for Resale	Public Fire	Private Fire
Current Revenue	\$22,791,709	\$11,662,844	\$4,240,447	\$4,486,766	\$120,824	\$174,559	\$1,181,156	\$925,114
DSIC Revenue	\$1,696,286	\$874,713	\$318,034	\$336,507	\$9,062	\$0	\$88,587	\$69,384
Misc Revenue	\$275,610	\$156,717	\$56,980	\$60,290	\$1,624	\$0	\$0	\$0
Test Year Revenue	\$24,763,605	\$12,694,273	\$4,615,461	\$4,883,563	\$131,509	\$174,559	\$1,269,743	\$994,497
Proposed Increase	\$4,943,665	\$2,788,974	\$1,014,032	\$1,072,935	\$28,893	\$38,831	\$0	\$0
Percent Increase	19.96%	21.97%	21.97%	21.97%	21.97%	22.24%	0.00%	0.00%